

## Message Text

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ACTION EB-11

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 AF-10

ARA-16 EA-11 EUR-25 NEA-10 OIC-04 DRC-01 /244 W

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P 101540Z JAN 74

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3300

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E.O.11652 NA

TAGS ACON GATT AORG

SUBJ GATT BUDGET QUESTIONS

REFS (A) STATE 2043 (B) GENEVA 6047 (C) GENEVA 5484

1. GATT BUDGET COMMITTEE MEETING JANUARY 9 APPROVED CONSOLIDATION OF POST ADJUSTMENT IN BASE SALARY, DRAFT LEASE ON NEW GATT ACCOMMODATIONS, AND, IN PRINCIPLE, TRADE POLICY TRAINING COURSE FOR LDC OFFICIALS. FINANCING OF COURSE AND OF POSSIBLE 1974 EXPENDITURES CONNECTED WITH NEW GATT ACCOMMODATIONS NOT GIVEN FINAL APPROVAL DUE US RESERVATIONS.

2. DRAFT LEASE APPROVED (SPEC (73)65, 21 DECEMBER 1973, COPY MAILED IO/D.SMITH), EXCEPT THAT TEXT OF ARTICLE 5 IS CHANGED TO PROVIDE TERMINATION UPON NOTICE OF SIX MONTHS BY EITHER PARTY AND NOT RPT NOT 30 DAYS AS WRITTEN. LEASE IS 15 YEARS; ANNUAL RENT APPROXIMATELY 1,080,000 FRANCS. SHARE OF RENOVATION WORK BORNE BY GATT OF APPROXIMATELY 5 MILLION FRANCS TO BE  
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FINANCED DIRECTLY OUT OF GATT BUDGET. OBTAINING

LOAN FOR THIS OUTLAY WAS NOT FEASIBLE DUE UNFAVORABLE TERMS AVAILABLE AT PRESENT. GATT WILL THUS SAVE INTEREST CHARGES, BUT COMMITTEE DID NOT FORECLOSE POSSIBILITY OF LATER LOAN IF IT SHOULD PROVE ECONOMICALLY JUSTIFIED.

3. RENOVATION EXPENDITURE TO BE MADE PRINCIPALLY IN 1975 AND 1976, WITH RESIDUE, ABOUT 10 PERCENT, PAYABLE IN 1977. HOWEVER, SOME ADVANCE PAYMENTS, PERHAPS 5 OR 10 PERCENT, MAY BE NECESSARY IN 1974. SECRETARIAT PROPOSED SETTING UP 1974 BUILDING FUND OF UP TO 600,000 FRANCS, FINANCED FROM 1973 SURPLUS, WHICH NOW EXPECTED BE AROUND 2 MILLION FRANCS, INCLUDING DEDUCTION FROM 1974 CONTRIBUTIONS. US REP (SPRUCE) SUPPORTED CONCEPT OF SAVING GATT EXPENSE OF INTEREST ON LOAN BY FINANCING DIRECTLY FROM FUTURE BUDGETS BUT INFORMED COMMITTEE OF US CONCERN WITH THIS SAME METHOD OF FINANCING TRAINING COURSE (E.E., FROM 1973 SURPLUS--SEE BELOW). US THUS HAS RESERVED POSITION ON FINANCING 1974 BUILDING FUND PENDING FURTHER INSTRUCTIONS. ALL OTHER DEALS APPROVED 1974 BUILDING FUND, WITH FRANCE, CANADA AND JAPAN INDICATING THEIR APPROVAL WAS AD-REFERENDUM. HOWEVER THEY ANTICIPATED FINAL APPROVAL, GIVEN THEIR CAPITALS' SUPPORT OF THIS METHOD OF FINANCING TRAINING COURSE (BELOW).

4. FINANCING OF TRAINING COURSE OF LDC OFFICIALS FROM 1973 SURPLUS APPROVED BY ALL DELS EXCEPT US, ALTHOUGH POINTS CONTAINED PARAS 4 AND 5 REFTEL (A) MADE TO OTHER DELS AND TO SECRETARIAT PRIOR TO MEETING AND DURING FORMAL SESSION. GERMANY AND SWEDEN, DESPITE GENERALLY MORE PARSIMONIOUS APPROACH ADOPTED DURING 1973 BUDGET COMMITTEE MEETING, BOTH APPROVED. SECRETARIAT MAINTAINED IT TOO EARLY IN YEAR TO JUDGE WHETHER 1974 BUDGET WILL YIELD SUFFICIENT SURPLUS FOR USE OF SAVINGS WITHIN BUDGET AND THAT UNFORESEEN EXPENDITURES ITEM WOULD BE LARGELY DEPLETED IN ONE BLOW IF USED TO FIANNCE COURSE.

5. AFTER MEETING US REP AGAIN MET WITH SECRETARIAT LIMITED OFFICIAL USE

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OFFICIALS (TAYLOR, TASSIN, VONHOLZEN) AND EMPHASIZED US CONCERN THAT ITEMS LIKE TRAINING COURSE SHOULD BE ANTICIPATED MORE IN ADVANCE AND INCLUDED IN REGULAR BUDGET REQUEST. SECRETARIAT AGREED BUT POINTED OUT THAT NEED FOR THIS PARTICULAR COURSE AROSE ONLY AFTER REGULAR OCTOBER 15-19, 1973 BUDGET COMMITTEE MEETING HAD PASSED. IT WAS OUTGROWTH OF GATT COUNCIL DISCUSSION ON TRAINING ACTIVITIES IN GENERAL (C/M/91,

NOVEMBER 9, 1973).

6. COMMITTEE HAS AGREED WITHHOLD PREPARATION OF FINAL DRAFT OF REPORT TO COUNCIL (WHICH MEETS JANUARY 28) UNTIL JANUARY 16 IN HOPES OF PRESENTING UNANIMOUS VIEW. CHAIRMAN (MOELLER, FRG) SAID CONSENSUS HAD ALWAYS RESULTED DURING HIS TENURE, BUT OF COURSE ISSUE COULD BE TAKEN UP AT LEVEL OF COUNCIL IF US WISHED.

7. SINCE US SUPPORTS TRAINING COURSE AND IS ONLY CONCERNED WITH METHOD OF FINANCING, AND SINCE THERE IS NO PROSPECT OF GAINING SUPPORT IN COUNCIL, MISSION SEES LITTLE TO GAIN FROM COUNCIL FIGHT. WHILE WE HAVE NO ATTACHMENT TO MOELLER'S RECORD OF CONSENSUS, OPPOSITION IN COUNCIL WOULD GIVE IMPRESSION US REALLY TRYING TO UNDERCUT COURSE. HENCE RECOMMEND WE BE AUTHORIZED AGREE TO FINANCING OF BOTH COURSE AND 1974 ACCOMMODATIONS EXPENDITURE BUT INSERT IN RECORD STATEMENT THAT WE AGREEING IN ORDER AVOID OBSTRUCTING CONSENSUS AND ARE NONETHELESS CONCERNED BOTH THAT BUDGET SURPLUSES NOT BE VIEWED AS WINDFALLS AND THAT NORMAL ANNUAL BUDGET SHOULD ANTICIPATE EXPENDITURES OF THIS NATURE.

7. ACTION REQUESTED: MISSION WOULD APPRECIATE RECEIVING INSTRUCTIONS ON BOTH ISSUES BY JANUARY 16 OR AS SOON THEREAFTER AS POSSIBLE. BASSIN

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